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Canada's New Government Doubles Its Contribution to the Global Effort to Develop and Produce Vaccines for Diseases in Developing Countries

Rome, Italy – The Honourable Jim Flaherty, Minister of Finance, today announced that Canada's New Government is contributing US$200 million for the Advance Market Commitment (AMC) to create a pneumococcal vaccine. This initiative is part of a global effort to develop vaccines that will benefit the world's poorest nations.

Minister Flaherty, who was making the announcement on behalf of the Honourable Josée Verner, Minister of International Cooperation and Minister for La Francophonie and Official Languages, was joined by Italian Economy and Finance Minister Tommaso Padoa-Schioppa, U.K. Chancellor of the Exchequer Gordon Brown and World Bank President Paul Wolfowitz.

"Today's announcement builds on Canada's proud tradition of assisting developing countries through improved health care and a higher standard of living," said Minister Flaherty. "Vaccination has been clearly shown to be one of the most effective ways to fight infectious diseases around the globe, and this initiative has the potential to save millions of lives."

The AMC is designed to create stronger incentives for industry to develop and produce vaccines that would meet the specific needs of developing countries. Participating donors will make a financial commitment towards the purchase cost of these vaccines. The AMC also aims to create an affordable market for vaccines in the long run, with a requirement that firms continue to supply developing countries with the vaccine after AMC funding concludes.

"The AMC is a results-based, cost-effective initiative which ensures funding occurs only once eligible vaccines are demanded by developing countries," said Minister Verner. "This innovative commitment is consistent with Canada's aid effectiveness agenda as it allows us to foster opportunities with other donor countries, while aligning our common global health objectives. Together, we can save lives."

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Today's announcement doubles the Canadian commitment to support the pneumococcal AMC pilot made by Prime Minister Stephen Harper at the Group of Eight (G8) Summit last July in St. Petersburg, Russia.

A pneumococcal AMC is estimated to cost a total of US$1.5 billion and run for about 10 years. The first vaccine purchases are expected to begin in 2010. Worldwide, pneumococcal diseases kill more than 1.6 million people each year.

Today's announcement was made on the eve of the meeting of Group of Seven (G7) Finance Ministers and Central Bank Governors in Essen, Germany. During that meeting discussions will centre around International Monetary Fund reform, energy efficiency and climate change, and the next steps needed to encourage more open global trade.

A backgrounder on the AMC commitment and Canada's contribution is attached.

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Backgrounder
Canada and the Advance Market Commitment
for Pneumococcal Vaccines

Every year more than 7 million people, most of them in the world's poorest countries, die of infectious diseases. Pneumococcal meningitis and pneumonia alone kill more than 1.6 million each year, over 700,000 of them children, primarily in sub-Saharan Africa and South Asia.

Vaccination has been clearly shown to be one of the most effective ways to fight infectious diseases. Unfortunately, vaccines are rarely developed to address the particular needs of these poor nations, since they have a limited ability to pay for them even if potential vaccines are eventually developed.

An Advance Market Commitment (AMC) is an innovative and efficient way to save millions of lives by getting vaccines developed and distributed to those who would most benefit from them. An AMC for vaccines is a financial commitment by donor countries like Canada to provide funding for the future purchase of vaccines created to meet the specific needs of developing countries. The pneumococcal pilot AMC is estimated to cost a total of US$1.5 billion, with the first vaccine purchases anticipated to begin in 2010 and last for roughly 10 years.

This innovative approach to vaccine development offers a number of benefits:

- It is expected to lead to vaccines that might otherwise be delayed well into the future, if they are developed at all. Health experts estimate that, in the absence of this type of initiative, pneumococcal vaccines are not expected to reach the world's poorest countries for up to two decades.

- It will lead to future vaccines best suited for developing countries, by providing incentives for vaccine firms to compete and accelerate the design and production of ideal vaccine candidates. Such competitive incentives are needed—while a pneumococcal vaccine is currently on the market, it does not adequately cover the pneumococcal strains most common to the developing world.

- It will encourage private sector investment and development, while aiming for a sustainable vaccine market once the AMC is over. It will give these countries time to budget for the vaccines and require each participating manufacturer to continue to supply developing countries with the vaccine at a pre-determined, affordable price after AMC funding concludes.

- Administration costs will be minimized by relying on the expertise of existing institutions whenever possible, such as the World Bank and the GAVI Alliance (formerly known as the Global Alliance for Vaccines and Immunisation). Money would be held in a trust fund established with the World Bank and would only be

disbursed once all eligibility requirements are met and a vaccine is delivered to eligible developing countries.

- Most importantly, the AMC pilot has the potential to save lives. It is predicted that it will prevent between 500,000 and 700,000 deaths for the duration of the project, and roughly 5.4 million deaths by 2030. This will directly contribute to the Millennium Development Goal of reducing child mortality by two-thirds by 2015. A successful AMC pilot could also lead to further projects aimed at other diseases, such as malaria, tuberculosis and HIV/AIDS.

Canada was the first country to announce a financial contribution to the AMC, when Prime Minister Stephen Harper announced initial funding of $100 million during the Group of Eight (G8) Summit in St. Petersburg in July 2006. Canada's funding, now US$200 million as a result of today's announcement, will be under the mandate of the Canadian International Development Agency (CIDA). It will be considered official development assistance and build on CIDA's global health objectives to target funding towards eliminating poverty-linked diseases and strengthening the health systems in developing countries.